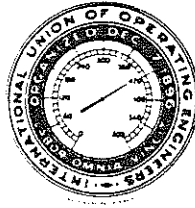


International Union of Operating Engineers

LOCAL UNIONS 478, 478A, 478C, 478D, 478E

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Testimony Offered in SUPPORT of House Bill 5204

An Act Implementing the Recommendations of the Joint Enforcement Commission on Employee Misclassification

Good afternoon Senator Prague, Representative Ryan and distinguished members of the Labor and Public Employees Committee. My name is Nate Brown, and I am here today testifying on behalf of the Operating Engineers Local 478, an organization representing over 4000 construction workers with over 300 signatory contractors.

I come before you today to testify in support of House Bill 5204 and to respectfully request your approval of the bill. Misclassification of employees has become a serious issue in Connecticut's construction industry. While there are many professional and law abiding contractors in the state of Connecticut, the severe recession has resulted in some contractors looking for ways to save money. Unfortunately sometimes they arrive at those savings by failing to pay taxes, workers compensation insurance, social security and other employment costs. Additionally, some contractors are misclassifying their employees on prevailing wage projects by falsifying their certified payroll.

The contractor may report an employee as a laborer when that employee was actually running a piece of construction equipment that commands a higher rate of pay. One of the primary reasons for the significant increase in misclassifications over the past 24 months is that the economic downturn in residential construction in the private sector building market has forced many contractors, who typically perform those types of work, into the public building and infrastructure construction sector of the industry. Most of these companies typically pay their employees in the range of \$15.00 to \$20.00 per hour with little or no benefits.

Sadly, with more workers than employment opportunities, workers feel as though they have no choice but to take what they can get. No worker wants to go their boss and complain when the industry is so depressed and there are 5 other people lined up to take the job.

There is the perception among some contractors that the current penalties for misclassification - IF they are caught - are just one of the "costs of doing business".

Employment classifications need to be enforced by the state of Connecticut and the penalties for violating the law need to be significant in order to have a deterrent effect. While there are many upstanding contractors in the State of Connecticut there are some bad actors who need to realize that there are severe consequences when you violate the law and take advantage of the hard working construction workers of Connecticut.